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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, JANUARY 18, 2000

APPLICATION OF

CHOCTAW COMMUNICATIONS OF VIRGINIA,
INC. d/b/a SMOKE SIGNAL COMMUNICATIONS

CASE NO. PUC990162

For a certificate of public
convenience and necessity
to provide local exchange
telecommunications services

FINAL ORDER

On October 12, 1999, Choctaw Communications of Virginia, Inc. d/b/a Smoke Signal Communications ("Choctaw", "Applicant", or "Company") completed an application for a certificate of public convenience and necessity ("certificate") to provide local exchange telecommunications services throughout the Commonwealth of Virginia.

In its application, Choctaw states that it is a non-facilities based reseller that proposes to provide prepaid local exchange telephone service throughout Virginia.

In order to provide this prepaid service, Choctaw requests a waiver of Rule C 5 and certain provisions of Rule C 1 of the Commission's Rules Governing the Offering of Competitive Local Exchange Telephone Service, 20 VAC 5-400-180, ("Local Rules") requiring a new entrant, either directly or through arrangements

with others, to provide access to directory assistance, access to operator services, equal access to interLATA long distance carriers, and access to intraLATA service to all local exchange customers. The Applicant further requests a waiver of Rule D 3 c of the Local Rules, limiting the proposed rate for service provided by the new entrant not to exceed the highest of the comparable tariffed services provided by the incumbent local exchange telephone company or companies in the same local serving areas.

By Order dated November 12, 1999, the Commission directed the Applicant to provide notice to the public of its application, directed the Staff to conduct an investigation and file a Staff Report, and scheduled a public hearing to receive evidence relevant to Choctaw's application. No comments or objections were received.

On January 6, 2000, the Staff filed its report finding that the application is in compliance with the certification requirements of the Local Rules. In addition, the Staff did not object to Choctaw's requests for a waiver from specific Local Rules for its residential monthly prepaid local service, subject to the following conditions: (i) regarding Choctaw's prepaid month-by-month local exchange service offering, the Company shall not be allowed to collect customer deposits under any circumstances; (ii) the Company shall provide audited financial

statements to the Staff no later than one (1) year from the effective date of its initial tariff; (iii) regarding Choctaw's prepaid month-by-month local exchange service offering, the Company shall provide full disclosure to consumers about the services and features Choctaw will and will not furnish to subscribers of its alternative prepaid month-by-month local exchange service. Sales brochures and other marketing and advertising materials must prominently disclose that service is restricted to residential end users and customers will have no access to directory assistance, operator services, long distance, collect and third-party calls, or any other pay-for-usage services; (iv) any waivers granted to Choctaw in this case for its residential prepaid month-by-month local exchange service described in the Company's filing are limited solely to that service offering; (v) any waivers granted to Choctaw in this case for its residential prepaid month-by-month local service should be subject to revocation, alteration, or the imposition of additional conditions, such as pricing restrictions, in the event the Commission subsequently determines the service is operating improperly or is not in the public interest; (vi) any subsequent increase in the rate for Choctaw's prepaid month-by-month local service shall be subject to thirty (30) days' notice to the Commission, and notice to customers provided through billing inserts or publication for

two (2) consecutive weeks as display advertising in newspapers having general circulation in the areas served by the Company; and (vii) if at any time Choctaw begins to offer non-prepaid (standard) local service and the Company collects customer deposits for such service, said deposits shall be retained in an unaffiliated third-party escrow account until such time as the Staff or Commission determines it is no longer necessary.

A hearing was held on January 12, 2000. The Applicant filed proof of publication and proof of service as required by the November 12, 1999, Scheduling Order. At the hearing, the application, with accompanying exhibits, and the Staff Report were entered into the record without objection.

Having considered the application and the Staff Report, the Commission finds that such application, as well as the requested waivers, should be granted, subject to the conditions referenced herein. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Choctaw Communications of Virginia, Inc. d/b/a Smoke Signal Communications, is hereby granted a certificate of public convenience and necessity, No. T-474, to provide local exchange telecommunications services subject to the restrictions set forth in the Local Rules, § 56-265.4:4 of the Code of Virginia, the provisions of this Order, and the conditions set forth in the Staff Report.

(2) Choctaw shall file tariffs with the Division of Communications that conform with all applicable Commission rules and regulations from which the Applicant has not been granted a waiver.

(3) This case shall remain open to evaluate Choctaw's residential prepaid, month-by-month local exchange service.